



PRESS RELEASE Amsterdam, Berlin, Bern,

Brussels, London, Paris, Vienna, 22.09.2025

From Code to Action: Recommendations for a stronger Network Code on Demand Response

EPEX SPOT submits response to EU Commission consultation

The European Power Exchange EPEX SPOT responded to the EU Commission's consultation to support the establishment of the new Network Code on Demand Response (NC DR).

The new NC DR will be the future European regulatory framework for local flexibility markets for congestion management – a field in which EPEX SPOT has pioneered the theoretical and practical setup, operating today the <u>first large-scale</u> and <u>fully fledged Localflex market worldwide</u>.

In its consultation response, EPEX SPOT underlines key recommendations in order to make demand-response work across European power systems:

Firstly, EPEX SPOT welcomes the strong **promotion of market-based flexibility procurement** by System Operators over cost-based approaches. Only by limiting cost-based setups as much as possible, and by harmonising this proceeding across EU countries, the full potential of demand-side flexibility can be unlocked.

Secondly, the Exchange reminds of fair and equal access as well as the need for a diverse trading community in order to make a market a success: Flexibility service providers must be granted multi-market access also to wholesale, flexibility and balancing markets. However, these markets and their individual functions must remain distinct and a forwarding of bids between these segments must be prohibited. By not blurring these lines, the well-functioning EU market segments such as Day-Ahead and Intraday can be safeguarded while allowing local flexibility markets to unlock their full potential. Furthermore, an advanced degree of product standardisation would further boost the dynamic of local flexibility markets.

Thirdly, EPEX SPOT addresses not only the *how*, but also the *who* in the operation of local flexibility markets: Markets don't run themselves. It takes more than a platform, it takes proven expertise and trusted neutrality. Therefore, EPEX SPOT encourages to stipulate **minimum requirements for Local Market Operators** in the new NC DR: Neutrality and transparency; proven operational expertise and resources; appropriate market surveillance arrangements in line with REMIT.

A summary of the Exchange's recommendations is available <u>here</u> and the detailed amendment proposals can be found <u>here</u>.

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The European Power Exchange EPEX SPOT operates physical electricity markets for the largest trading community in Europe, with over 400 companies connected to our platforms. Committed to innovation, we deliver a full range of services across the value chain of electricity trading, with the highest standards of performance. Our gateway of market solutions includes Day-Ahead, Intraday and After-market power trading, Capacity and Guarantees of Origin (GOs) auctions, Local Flexibility and Data services.

Building on its unique expertise as a co-creator of the Internal Energy Market for electricity, EPEX SPOT's services span over 19 countries: From power trading across Central Western Europe, the United Kingdom, Switzerland, the Nordics and Poland to Market Operation services in Ireland, Hungary, Montenegro, North Macedonia, Serbia and Slovenia. In the environmental market, EPEX SPOT's Pan-European GOs auctions cover a scope of 22 countries.

As part of EEX Group, a group of companies serving international commodity markets, EPEX SPOT enables a price-responsive power system, to achieve a competitive and climate neutral Europe. 49% of its equity is held by a holding of major European Transmission System Operators.

For more information, please visit www.epexspot.com

CONTACT EPEX SPOT SE T +33 (0) 1 73 03 61 33 press@epexspot.com More information: www.epexspot.com www.eex-group.com